

Readiness Audit Program

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NERC



Readiness Audit Program

- **Program Implementation**
 - Board established program – February 10, 2004
 - FirstEnergy, MISO, & PJM initial audits in February
 - First readiness audit conducted week of March 8
- **Complementary to existing Compliance & Enforcement Program initiatives**



Readiness Audit Program Goals

- **What:**
Initiate a process to assure that operators of the bulk electric system have the tools process and procedures in place for reliable operation.
- **How:**
By **helping** the control areas and reliability coordinators recognize and assess their reliability responsibilities and how their operation supports those responsibilities.

And, by **helping** the control areas and reliability coordinators champion the changes required to better meet those reliability responsibilities.



Need for the Audits

- **August 14 blackout**
 - Deficiencies in control area and reliability coordinator capabilities
- **Standards present a threshold, not a target for excellence in performance**
- **Reliability coordinators and control areas must**
 - Be ready to perform - Under emergency conditions
 - Strive for excellence in their assigned reliability functions and responsibilities



Readiness Audit Program

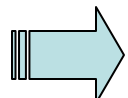
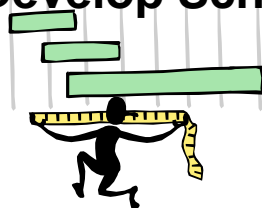
- **Purpose of the audit**
 - Provide an independent review of control area and reliability coordinator operations
 - Assure preparedness to meet reliability responsibilities
 - Identify areas for improvement
 - Share best reliability practices
 - Constructive
 - Help control areas and reliability coordinators achieve excellence
 - Transparent – Audit reports posted
- **Not Compliance Audits**



Audit Process

Approved Process

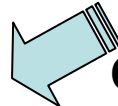
Identify Companies &
Develop Schedule



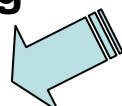
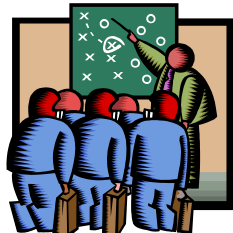
Initial Notification



Questionnaires
to Company,
Neighbors, & RC



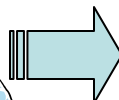
On Site
Audit Team
Pre-Meeting



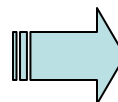
Audit Team
Conference



On Site –
Document
Review,
Interviews,
Demonstrations



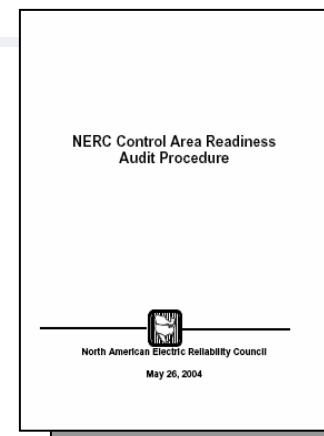
Exit
Briefing



Report
Development
and Posting



Process
Review &
Improvement



Readiness Audit Program Status

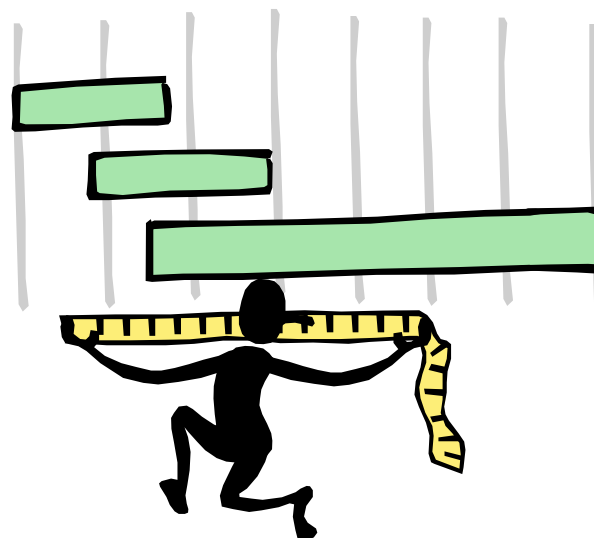
- **As of September 24, 2004**

- **Audits Completed**

- 37 Control Areas
- 4 Reliability Coordinators
- 1 Transmission Operator

- **Representing**

- 64% of the Eastern Interconnection
- 14% of the Western Interconnection



Readiness Audit Program Status

- **Future Schedule**

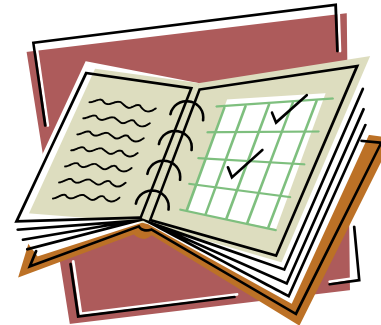
- **Fall, 2004**

- **20 Audits Scheduled**

- 21 Control Areas

- 2 Reliability Coordinators

- **Remaining initial round of audits completed by end of 2006**



Improving the Process

- Strong program – continuously seeking to improve
- Performed surveys of those audited
- Held auditors review meeting
 - NERC, Regional, & FERC auditors
- Seek constructive input from:
 - Those audited
 - Audit participants
 - Those reviewing audit reports

